

## **CANADIAN RELOCATION SYSTEMS, "MOVING TIMES" OCTOBER 2005**

### **INSURANCE COVERAGE FOR YOUR HOUSEHOLD GOODS WHEN MOVING**

On a personal note last time we moved we had 12000lbs and took replacement value insurance for about \$ 780.00. Our damage costs came to approximately \$ 2350.00, it was worth the cost.

Check with your insurance broker/company to find out if your current household insurance provides any coverage.

Insurance for your goods is referred to as cargo (or transit) protection. Moving companies carry many forms of insurance coverage, one of them being cargo insurance. What movers offer you is an option to be compensated for any loss or damage to your goods while in transit with them. They are not selling you insurance.

They are selling a coverage and accepting a degree of liability in return for a premium paid. Even sales representatives confuse the fact. Only insurance companies sell insurance. The movers ask you if you want to be protected under their policy or not and to what degree.

Damage and lost items do occur on moves. A moving company is required, by law (Canada ) to accept some degree of liability when traveling the roads This basic, standard protection is 60 cents per pound per article) . For example, if damage or loss occurs to an item weighing 50 pounds occurs, then the carriers (movers) liability \$ 0.60 x 50 lbs = \$ 30.00. Fine for items that are cheap, but heavy, but not well for a \$ 500.00 lamp weighing 30 pounds! Here comes the first gray area of "insurance". Take a figurine weighing 10 pounds. It is packed in a box weighing 50 pounds. You did the packing of the box. Different companies have different ways of interpreting the application of \$0.60 per pound.

Some will give you the rate on the damaged item only, while some will apply the rate to the cartons weight ( 50 lbs in this case) . Then, there are some who will not give you a thing because you did the packing. Read any contracts and ask the moving company this question. Quite often, if you do the packing, you nullify any insurance compensation from the movers. It is a fair practice. A mover and it's insurance company can not insure contents of boxes that they have never seen. They also don't know if the contents were packed properly. As a result, if you pack it, you take the risk.

Now, this option, often referred to as "basic" or "no insurance" should cost you nothing. As well, since you get very little in protection. However, this may be enough if you can arrange your own coverage through your own household insurance. Ask your own company or broker. You may find you don't need any extra coverage through the movers.

In general, there is only one other kind of coverage, replacement coverage.

However, there may be other kinds offered in between the basic coverage and the replacement. One such possibility is called 'Added Value Protection. Here the company charges a premium and increases the coverage from \$ 0.60 per pound to a greater value, say \$ 2.00 per pound ( may vary).

Another offer may be Market Value or Depreciated Value coverage. This option should be compared against the cost of replacement value. Here, the market value of the damaged item is considered for compensation. Determining the market value of a piece of furniture yourself can be difficult. As a matter of fact, most insurance companies offering cargo protection movers deal only with replacement costs these days. Watch out for the mover that tries to tell you that replacement coverage does not exist. It does and there should not be an excessive premium for it.

### **What is never insured**

There are things that are not insured, even if you pay for coverage example would be jewelry. Best to pack them up and take Other items not normally insured are coins, stamps, documents, no insuring items of sentimental value. A photograph will up to the cost of the film, for example. The same goes for software of data is not covered, so back up your disks before moving!

Generally, the interior workings of appliance, televisions, stereos, etc. are not covered by the mover unless the mover does some obvious physical damage to the piece. If the item was handled properly and something does not work after the move, it's your responsibility. If there is obvious damage the item, there is a 99 percent chance the internal damage was a result of the rough handling and the movers will pay ( up to your protection selection) for the repair.

Again, contents of boxes are not covered under cargo protection policies unless the mover ( or an agent of the mover) has packed and unpacked the cartons. Usually, the mover will cover goods ( up to the coverage you selected) for clear mishandling of the carton. If there is obvious damage to the exterior, generally the mover will compensate you. Sets of furniture and appliances are not covered. That is, if you have a matching couch, love seat and chair and the chair gets ripped, the mover is only liable to repair or replace ( up to your coverage selection) the one piece and does not have to touch the matching pieces, even though may not match after, repair, recovering or replacement of the one piece.

### **Extraordinary Value**

You will have to declare items of extraordinary value. For example, if the movers are taking your car, they will need a value for the car. You may have a painting or a sculpture worth a fair amount. The idea is, that despite all the cargo cover there will be a limit on the amount the insurance company will pay out on one given item. Ask your moving consultant what the limit is. If you have any item in your place that exceeds that value, then you must tell the mover. The item(s) of extraordinary value will be noted on the bill of lading and you will be covered

### **Dangerous Goods**

Do not pack and item classified as dangerous goods. If any damage resulted from a dangerous good, your insurance would be void. You would not even get \$ 0.60 per pound. Ask your moving consultant where your local disposal site is.

### **Storage Insurance**

Generally, if your goods will be stored in a warehouse for an extended period of time, you will need separate insurance for this. This can be arranged through the storage facility, your mover or your own insurance company. Storage facilities generally charge between \$ 1.00 and \$ 2.50 per \$ 1000 of declared value per month of storage. The same rules about dangerous goods and items of extraordinary value apply here as well.

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